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Executive Board of the United Nations Development Programme, the United Nations Population Fund, and the United Nations Office for Project Services

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Structured funding dialogue

Status of regular resources funding commitments to the United Nations Development Programme and its associated funds and programmes for 2018 and onward

Summary

This report presents the status of regular and other resources funding commitments for 2018 and onward, as well as a summary of the contributions to regular and other resources received in 2017 for the United Nations Development Programme (UNDP), the United Nations Capital Development Fund (UNCDF) and the United Nations Volunteers programme (UNV).

In 2017, total contributions to UNDP increased by 1 per cent, to $4.915 billion, from $4.866 billion in 2016. Contributions to regular resources, however, decreased by 1 per cent, to $612 million, from $618 million in 2016. Fifty-four partners contributed to regular resources in 2017, one more than the 53 in 2016, including a first-time private sector partner. Other resources contributions increased by 1 per cent, to $4.303 billion, from $4.248 billion in 2016. The ratio of regular to other resources fell to 12:88 from 13:87 in 2016.

As presented in the integrated resources plan for 2018-2021, 2018 regular resources are estimated at $630 million, an increase of $18 million from the 2017 level. Regular resources allow UNDP to deliver integrated responses to those most in need, ensure global development effectiveness, make strategic choices and investments, and ensure organizational stability. As of June 2018, UNDP had received $199 million, or 32 per cent of the regular resources target for 2018.

UNCDF net contributions reached $57 million in 2017, up from $52 million in 2016.

The financial value of UNV operations in 2017 amounted to $195 million, including UNDP regular resources support of $8.8 million.

Elements of a decision

The Executive Board may wish to:

(a) take note of documents DP/2018/19, DP/2018/19 Add.1, and DP/2018/20;

(b) note the importance of regular resources, which remain the bedrock of UNDP support to programme countries, particularly the poorest and most vulnerable, and low-income countries;

(c) recall the importance of funding predictability, and urge Member States to prioritize regular resources for 2018, and multi-year pledges, given that further reductions in regular resources risk jeopardizing the ability of UNDP to achieve planned strategic results;

(d) recall its decision 2013/30 and urge all programme countries to meet their obligations with respect to government local office costs;

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(e) urge Member States to continue their dialogue with UNDP through structured funding dialogues on shifting from highly earmarked to regular resources, or flexible other resources; and

(f) note the importance of regular resources for UNCDF and its impact on the least developed countries served, its capacity to drive innovation and capital investment flexibility; and for UNV promoting peace and development through volunteerism – both valuable United Nations system-wide assets administered by UNDP.

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I. Introduction

1. This report provides an overview of funding trends from 2014 to 2017, the status of contributions received in 2017, and the status of regular resources funding commitments for 2018 and onward[1]. It also covers ongoing efforts by UNDP to increase regular resources, shift from highly earmarked to less earmarked other resources, and broaden the donor base.

2. In its decision 2017/20, the Executive Board emphasized that regular resources, because of their untied nature, are the bedrock of UNDP and essential to maintaining the multilateral, neutral and universal nature of its mandate. The Board reiterated the need for UNDP to address the imbalance between core/regular and non-core/other resources, and urged UNDP to take a proactive role by engaging in strategic financing dialogues with Member States and other funding partners to diversify sources of funding, especially core funding, in line with General Assembly resolution 71/243.

3. The report also provides information on the status of funding for UNCDF and UNV.

II. Overall resource trends and update on 2017 performance

A. Total contributions to UNDP

4. Total contributions amounted to $4.915 billion in 2017, compared to $4.866 billion in 2016, an increase of 1 per cent. The ratio of regular to other resources fell to 12:88, from 13:87 in 2016.

5. From 2014 to 2017, total contributions increased by 4 per cent, from $4.715 billion in 2014 to $4.915 billion in 2017, as shown in figure 1.

6. Between 2014 and 2017, the funding composition by type and source was shifting. Of total contributions received in 2017, 42 per cent were funded by donor country governments (down from 46 per cent in 2014); 22 per cent by programme country governments (up from 19 per cent in 2014); 17 per cent by vertical funds (up from 16 per cent in 2014); 7 per cent by United Nations pooled funding (up from 6 per cent in 2014); 5 per cent by the European Union (down from 8 per cent in 2014); and 7 per cent by the private sector, foundations, financial institutions, non-governmental organizations and other multilateral organizations combined (up from 5 per cent in 2014). Figure 2, below, shows the overall resource trend by funding sources.

[1] Pursuant to Executive Board decision 98/23

Figure 1. Contributions by resource type, 2014-2017

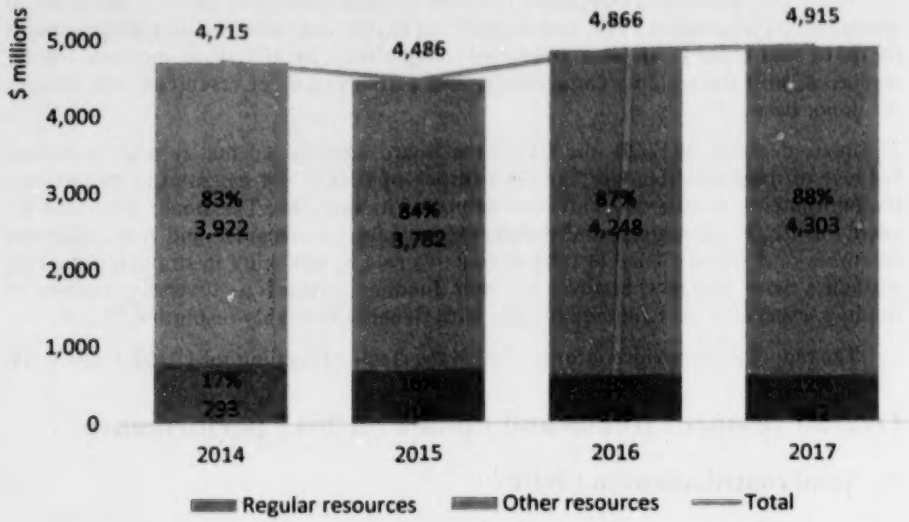
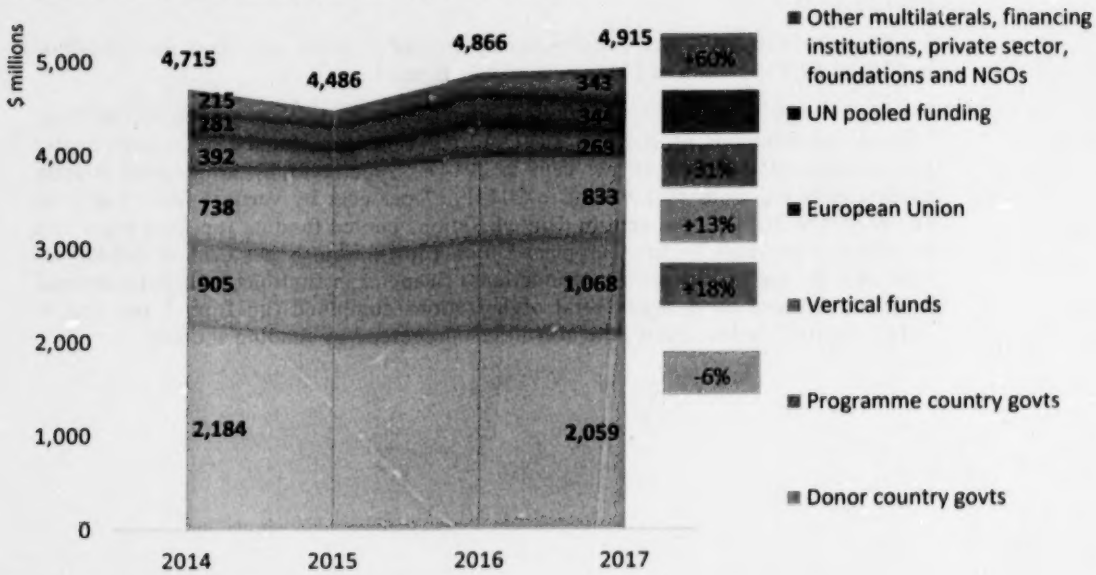


Figure 2. Contributions by partner type, 2014-2017



NGO=non-governmental organization

B. Contributions to UNDP regular resources

7. Numerous decisions of the Executive Board[2] stress the importance of regular resources to UNDP, as they remain the bedrock of the organization and constitute a pillar of support to respond to the needs of all programme countries, particularly the poorest

[2] Decisions 98/23 and 99/1 and 23, reaffirmed in decisions 2002/9 and 2002/18, 2003/24, 2004/14, 2005/20, 2006/24, 2007/17, 2008/16, 2009/10, 2010/14, 2011/15, 2012/10, 2013/13, 2014/24, 2015/16, 2016/16 and 2017/20

and most vulnerable. The ability of UNDP to support country implementation of the 2030 Agenda for Sustainable Development, and to deliver on its Strategic Plan results, depends on adequate regular and other flexible resources and a diversified funding base.

8. Regular resources enable UNDP to support national priorities in a strategic and predictable manner. The flexibility of regular resources allows UNDP to focus the allocation of regular programme resources to low-income and least developed countries; respond in a timely and effective manner to crisis situations; provide a programmatic support platform to assist governments in addressing their development challenges; strengthen gender equality and the empowerment of women and girls; invest in systems of accountability, transparency and quality assurance; and leverage additional development financing. For every dollar received in regular resources during 2014-2017, UNDP country offices in-low-income countries mobilized $7 in other resources, while country offices in middle-income countries mobilized $32.

9. Since 2014, contributions to regular resources have declined by 23 per cent, or $181 million. Compared to 2016, contributions in 2017 decreased by 1 per cent, to $612 million, from $618 million in 2016, showing signs of relative stability.

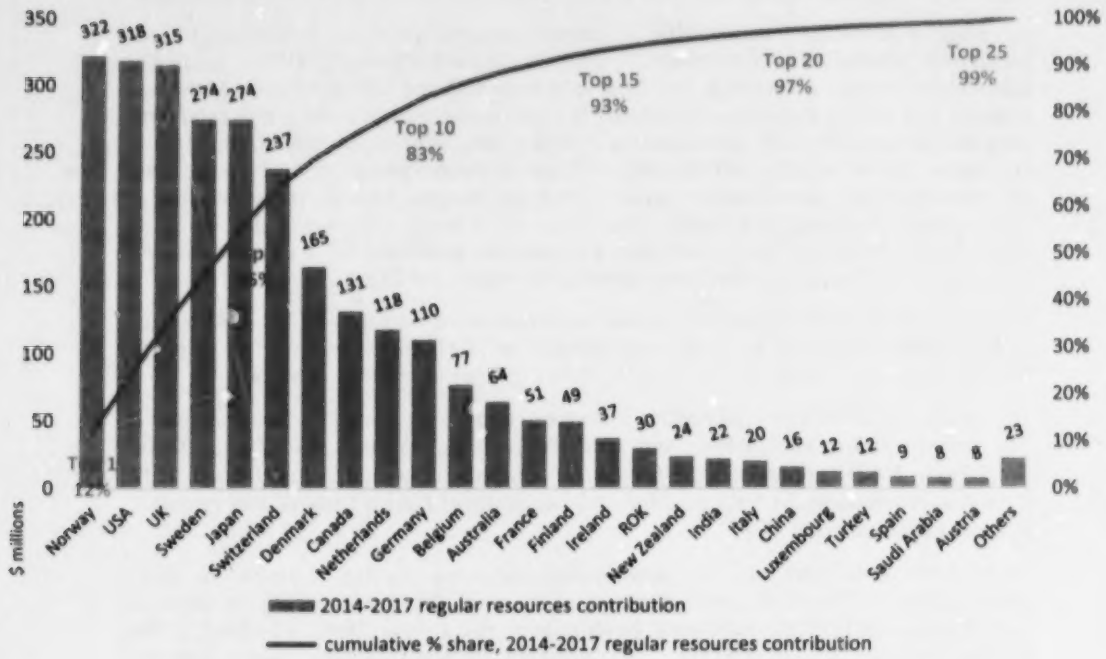
10. In 2017, UNDP received regular resources contributions from 53 Member States, one private sector contributor, and from individuals, through the Digital Good programme. UNDP appreciates the increased contributions to regular resources in 2017 from the Governments of Sweden, Japan, the Republic of Korea, Estonia, and Pakistan, in order of contribution size.[3]

11. Contributions from the 10 largest contributors to regular resources in 2017 amounted to $527 million, or 86 per cent of the total. They were made (in order of contribution size) by the following governments: the United States of America, the United Kingdom of Great Britain and Northern Ireland, Sweden, Japan, Norway, Switzerland, Canada, the Netherlands, Germany and Denmark. The Governments of India, China, Turkey, Saudi Arabia and Russian Federation maintained their contributions of over $1 million each to regular resources in 2017.

12. In multiple decisions, the Executive Board has recognized that a limited number of Member States contribute to UNDP regular resources and requested UNDP to continue exploring incentives and mechanisms to broaden the donor base, and to support donors in increasing their regular resources contributions. Figure 3 shows the top 25 contributors to regular resources from 2014 to 2017, with contributions from the top 5 and the top 15 donors accounting for 55 and 93 per cent of total regular resources, respectively.

[3] The additional tranche from India, received in and recorded as a 2017 contribution, was intended for 2016.

Figure 3. Top 25 contributors to regular resources, 2014-2017



13. In its decision 2017/20, the Executive Board requested UNDP to continue the dialogue with programme countries with respect to fulfilling their government contributions to local office costs. Government cash contributions to local office costs decreased by 32 per cent to $19 million (2016: $28 million), with the 10 largest contributions coming from the Governments of Sri Lanka, Lebanon, the Philippines, Bosnia and Herzegovina, Fiji, Angola, Côte d'Ivoire, South Africa, Algeria and Serbia, in that order. Contributions to local office costs from net contributor programme country governments increased by 33 per cent, to $12 million (2016: $9 million), and upper-middle income programme country government contributions to local office costs increased by 50 per cent, to $9 million (2016: $6 million). Total in-kind contributions from governments reached $16 million (2016: $19 million).

14. While UNDP responded to reductions in regular resources with increased institutional efficiency and economy measures, regular resources remain vulnerable to volume reductions and exchange rate fluctuations. UNDP continues to adapt to fluctuations in funding, although reductions in regular resources jeopardize its ability to achieve planned results, ensure global development effectiveness and make strategic choices and investments.

WHY REGULAR RESOURCES ARE IMPORTANT

Regular resources pay for the essential features that define UNDP: a global network, open to all; commitment to the poorest and those in crisis; and a convening force to anchor the integrated, multi-stakeholder approach inherent in the new United Nations development system.

All UNDP operations, supporting the 2030 Agenda and implementing the Strategic Plan, are built on the strong, sustainable foundation that regular resources provide. Regular resources sustain the multilateral, universal character of UNDP, available to all eligible countries that request support in line with their national priorities.

65 per cent of regular resources funding is spent on programmes

- *Focusing on the poorest.* Eighty-five to 91 per cent is spent in low-income countries and at least 60 per cent in least developed countries.
- *Responding to crisis.* Enables UNDP to respond rapidly to the development needs of countries affected by conflict or crisis, with policy advice, technical expertise and catalytic programmatic funding.
- *Inter-agency collaboration to reach the sustainable development goals.* Seed funding to develop multi-agency/multi-partner development solutions, reaching beyond UNDP to maximize impact on the ground and deliver greater returns to regular resources contributors
- *Providing shared assets to the United Nations system.* Administering or hosting UNCDF, UNV and the United Nations Office for South-South Cooperation
- *Mobilizing financing for the sustainable development goals.* New services and products to unlock some of the trillion dollars needed to reach the goals by 2030

35 per cent of core funding is spent on institutional effectiveness

- *Development effectiveness.* Quality assurance, thought leadership and innovation allow UNDP to test, replicate and scale up new approaches, measure impact, and change course where necessary.
- *Independent oversight.* Audit, monitoring and evaluation, and ethics oversight, transparency and accountability measures guarantee the quality and integrity of UNDP's work and help deliver maximum value for every dollar contributed.

C. Contributions to UNDP other resources

15. Other resources are earmarked to specific themes, programmes or projects, and represent a critical complement to the regular resource base. Total other resources contributions from cost sharing, trust funds, reimbursable support services and miscellaneous activities amounted to $4.303 billion in 2017 (1 per cent greater than the $4.248 billion received in 2016). Of this, $1.464 billion was from donor country governments (a 2 per cent decrease from 2016), $1.051 billion from programme country governments (a 7 per cent increase from 2016), and $1.788 billion from multilateral partners (a 1 per cent increase from 2016). Table 1, below, shows the figures in detail.

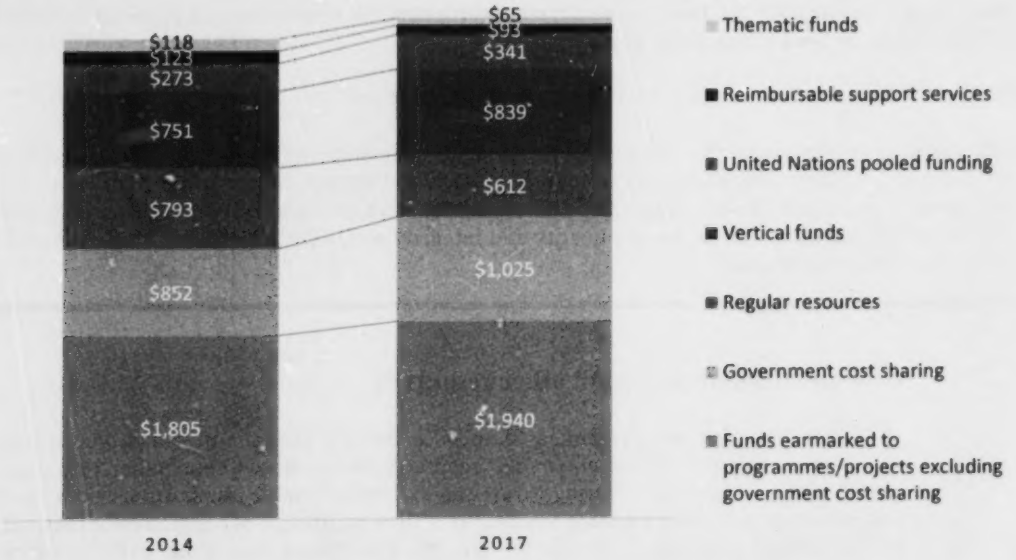
Table 1. Other resources contributions by partner type, 2016-2017 (in $ millions)

Year	Donor country governments				Programme country governments				Multilateral partners				Total
	Cost sharing	Trust funds	RSS	Subtotal	Cost sharing	Trust funds	RSS	Subtotal	Cost sharing	Trust funds	RSS	Subtotal	
2017	1,096	320	48	1,464	1,038	9	4	1,051	1,251	496	41	1,788	4,303
2016	982	470	37	1,489	964	4	13	981	1,245	499	34	1,778	4,248
$ change				-25				70				10	55
% change				-2%				7%				1%	1%

RSS=reimbursable support services and miscellaneous activities

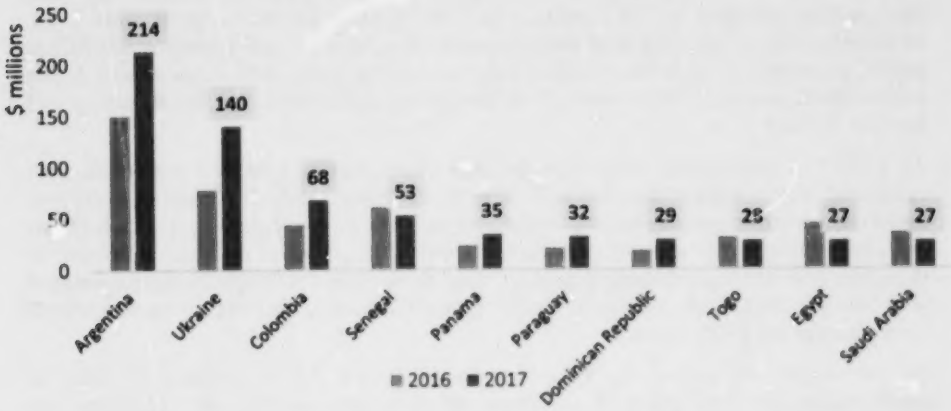
16. While increases in the amount of other resources enabled UNDP to deliver more development projects for partners, it exacerbated the imbalance between regular and other resources as the share of flexible funding continued to decline. For instance, between 2014 and 2017, while most earmarked funding channels increased, particularly United Nations pooled funding (up 25 per cent) and government cost sharing (up 20 per cent), regular resources and thematic funding declined by 23 and 45 per cent, respectively, as shown in figure 4 below.

Figure 4. Contributions by funding channels, 2014 and 2017 (in $ millions)



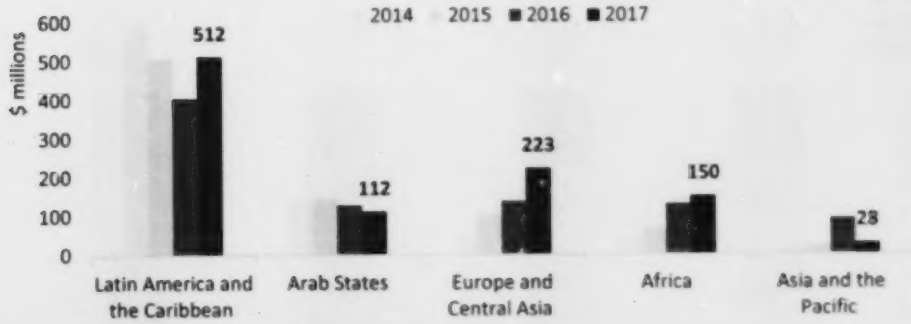
17. In its decision 2016/16, the Executive Board recognized that government cost sharing constitutes a voluntary funding mechanism that strengthens national ownership while contributing to the achievement of country programmes. In 2017, of the $1.051 billion total contributions to other resources from programme country governments, $1.025 billion went to programmes or projects in their own countries (a 15 per cent increase, from $892 million in 2016). Figure 5 shows the top 10 contributors to government cost sharing in 2017. Although Member States from Latin America and the Caribbean contributed 56 per cent of total government cost sharing in 2017, Member States from other regions (such as Ukraine, Kuwait, Zimbabwe and Zambia, in that order) increased their contributions in 2017.

Figure 5. Top 10 contributors to government cost sharing, 2017



18. Figure 6, below, shows an increasing trend in government cost-sharing contributions from Europe and the Commonwealth of Independent States (CIS) and Africa, and a decline in the Arab States. In 2017, government cost sharing from Latin America and the Caribbean increased by 27 per cent, to $512 million (2016: $404 million); Europe and the CIS increased by 61 per cent, to $223 million (2016: $138 million); Africa increased by 16 per cent, to $150 million (2016: $130 million); the Arab States decreased by 13 per cent, to $112 million (2016: $128 million); and the Asia and the Pacific region decreased by 69 per cent, to $28 million (2016: $92 million).

Figure 6. Government cost sharing, by region, 2014-2017



III. The 2018 outlook and predictability

19. General Assembly resolution 71/243 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system, as well as Executive Board decisions, continue to urge contributors to maintain and substantially increase their voluntary contributions to regular resources, and to contribute on a multi-year basis, in a sustained, timely and predictable manner, to the United Nations development system, particularly to its funds, programmes and specialized agencies. General Assembly resolution 72/279, on repositioning the United Nations development system, took note of the Secretary-General's proposals to

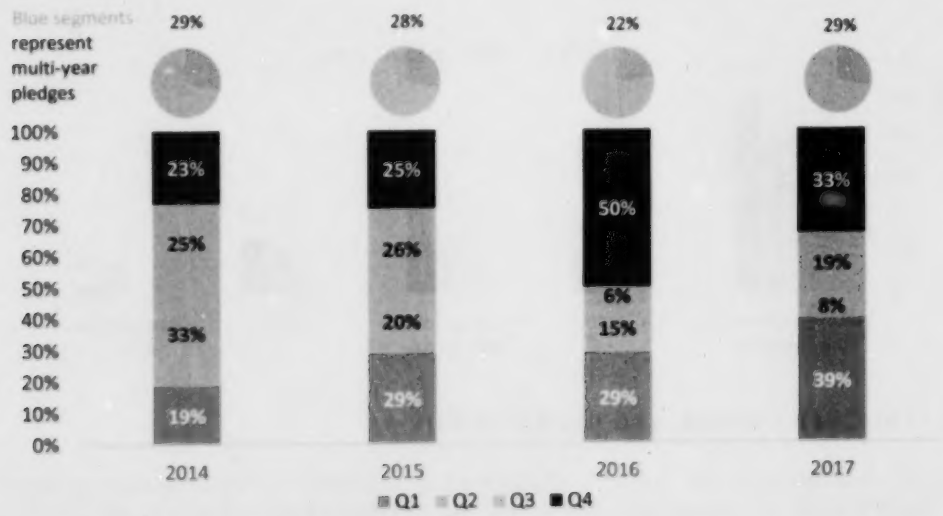
bring regular resources to a level of at least 30 per cent of total funding in the next five years.

20. As presented in the integrated resources plan, 2018-2021, contributions to regular resources were estimated at around $630 million in 2018, 3 per cent higher than the $612 million received in 2017, and up to $700 million by 2021. As of June 2018, 38 Member States had indicated their commitments, and 23 had already made full or partial payments towards their 2018 pledges, totalling $205 million, as shown in the statistical addendum. UNDP appreciated the increased contributions from Norway and Sweden in 2018.

21. UNDP is determined to reverse the downward trend in regular resources with continued support from current and new contributing partners, focusing resource mobilization efforts on articulating integrated responses to development through global and country support platforms; enhancing the visibility of Member State contributions to regular resources; conducting high-level engagements and strategic funding dialogues with Member States; and providing an integrator function in support of country efforts to implement the 2030 Agenda.

22. In various decisions, the Board has emphasized the importance of funding predictability and early payment to ensure effective programming and avoid liquidity constraints in regular resources. However, only a limited number of Member States share their payment schedules in advance. As shown in figure 7 below, in 2016 and 2017, 50 and 33 per cent, respectively, of total contributions were received in the last quarter, and less than 50 per cent were received in the first half the year. Annual contributions backed by multi-year commitments have made up less than 30 per cent of the total since 2014.

Figure 7. Contributions to regular resources by quarter and share of multi-year pledges, 2014-2017
(in $ millions)



23. UNDP notes with appreciation the efforts of Member States that have paid their contributions early and in full, communicated their payment schedules, made multi-year pledges and resumed their contributions or contributed to regular resources for the first time. Member States that have not already done so are encouraged to inform UNDP of

their intended payment schedules and to adhere to them. Predictability is essential for UNDP to strategically plan for the effective use of resources entrusted to it.

24. UNDP values the new and existing multi-year commitments from the partners listed in table 2, below.

Table 2. Multi-year pledgers to regular resources

Australia (2016-2019)
Belgium (2017-2020)
Canada (2016-2018)
Denmark (2017-2020)
New Zealand (2016-2018)
Sweden (2018-2019)

25. With respect to other resources, as of June 2018 UNDP had received $1.884 billion, including contributions from vertical funds and United Nations pooled funds. By the end of 2018, UNDP expects to receive close to $800 million from the Global Environment Funds (including the Green Climate Fund), the Global Fund to Fight AIDS, Tuberculosis and Malaria, and the Multilateral Fund for the Implementation of the Montreal Protocol. In 2017, total contributions from vertical funds amounted to $833 million.

IV. Shifting from highly earmarked to less earmarked other resources

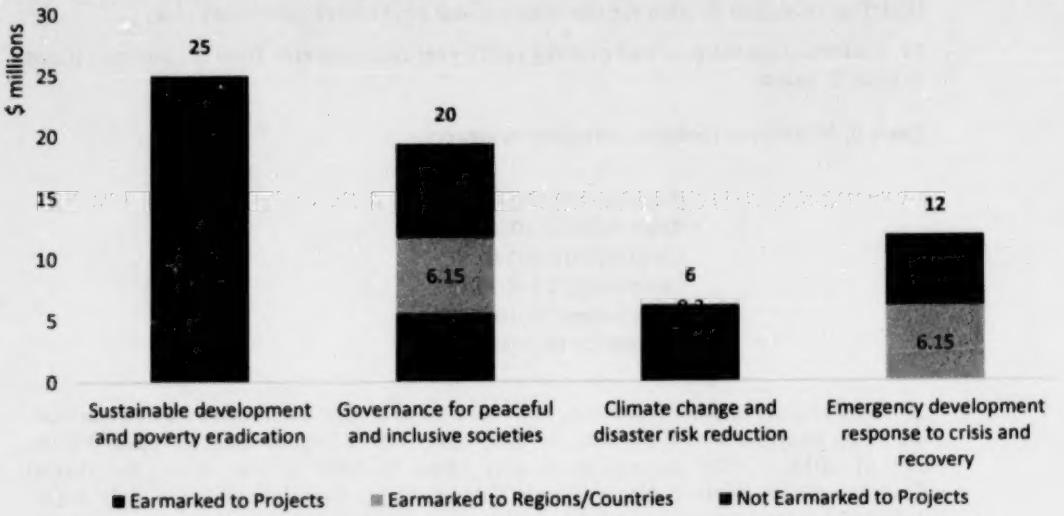
26. General assembly resolution 71/243 urges Member States and other contributors providing non-core contributions to make them more flexible and aligned to the UNDAF and to the strategic plans of funds, programmes and specialized agencies.

27. The funding windows, launched in 2016, were designed to encourage a shift to less earmarked, more integrated and flexible funding, by allocating resources to critical or emerging needs at national, regional and global levels, and to support country-level efforts to achieve the sustainable development goals.

28. In 2017, total contributions to the funding windows increased by 70 per cent to $63 million ($6 million for climate change and disaster risk reduction; $20 million for governance for peaceful and inclusive societies; $12 million for emergency development response to crisis and recovery; and $25 million for sustainable development and poverty eradication) from $37 million in 2016. UNDP thanks the following partners who contributed in 2017: Germany, Denmark, Norway, Sweden, the Republic of Korea, Luxembourg, Switzerland and Portugal, in that order.

29. While contributions to the funding windows increased in 2017, figure 8, below, shows that only 24 per cent of total contributions were un-earmarked. Fifty-six per cent were earmarked to global projects, while the remaining 20 per cent were earmarked to regions or countries.

Figure 8. Contributions to funding windows by level of earmarking, 2017



30. As of June 2018, commitments to the funding windows of $31 million had been secured, of which UNDP has received $19 million from Denmark, the Republic of Korea and the Slovak Republic, in that order.

31. Since the launch of the funding windows in 2016, UNDP has not been able to reach the level of funding previously received by UNDP's thematic trust funds, as represented by the 2014 total shown in Figure 4. UNDP is working with Member States to adapt the funding windows mechanism to ensure alignment with the Strategic Plan, 2018-2021, develop incentives to encourage contributions at levels similar to previous years, and to shift to less earmarked, more flexible funding.

V. Diversifying partnerships

32. In its decision 2017/20, the Executive Board urged UNDP to take a more proactive role by engaging in strategic financing dialogues with Member States and other funding partners, in line with General Assembly resolution 70/224 on global partnerships, with a view to diversifying potential sources of funding.

33. In 2017, UNDP received $74 million from private, foundation and non-governmental partners, a 46 per cent increase from 2016, including a $1 million contribution to regular resources from the largest bicycle-sharing platform in the world. Beyond financial contributions, UNDP continues to collaborate with the private sector on innovative partnerships at country, regional and global levels, towards achievement of the sustainable development goals.

34. UNDP is advancing its long-standing partnership with the Ikea Foundation in India, working with local partners to provide employment and entrepreneurship opportunities to one million women. With a total budget of $12 million, this innovative partnership works as a catalyst to provide skills and employment to empower women, making them economically self-sufficient and leading to improvements in the socio-economic status of their families. The initiative brings together diverse partners, including government, businesses, training institutions, and civil society, at key stages in the value chain, enabling women to secure employment or start their own enterprises.

35. To help leverage private finance for the sustainable development goals, UNDP formed a partnership with the Trine impact investment platform to promote affordable and sustainable energy solutions in rural communities in Sub-Saharan Africa, scaling up private investment in high-impact energy access projects. With an initial focus on Kenya (subsequently expanded to Nigeria, Rwanda, Tanzania and Zambia), the initiative is expected to unlock investments of six million Euros in off-grid solar energy by the end of 2018, providing 300,000 people with access to clean and affordable energy while mitigating approximately 84,000 tons of carbon dioxide emissions. UNDP assesses and monitors the impacts of projects using its climate action impact tool, which allows investors to quantify and track the social and environmental impacts of their investments so as to make informed decisions.

36. In 2017, UNDP and other United Nations organizations partnered with Microsoft to create jobs for communities affected by the Syria crisis. Similarly, UNDP collaborated with IBM on 'IBM Digital – Nation Africa', which provides a cloud-based learning platform designed to provide, over five years, free skills development programmes for up to 25 million African youths, enabling digital competence and nurturing innovation in Africa. UNDP also partnered with the GSMA Mobile for Development Foundation to harness the power of mobile technology to accelerate implementation of the sustainable development goals.

37. UNDP helped countries mobilize significant investment towards the sustainable development goals, including from private sector. Building on its experience and best practices, UNDP worked with partners such as UNCDF to leverage private capital for the goals.

38. UNDP increased its engagement with international financial institutions to advance cooperation and provide support to governments seeking new and innovative sources of funding and financing. Following the launch of new action plans with the Islamic Development Bank (IDB) Group and the European Investment Bank in 2016, new action plans were launched in 2017 with the Council for Europe Development Bank, the Development Bank of Latin America, and the European Bank for Reconstruction and Development, and a joint statement of action with the China Development Bank.

39. The action plans have helped promote new engagement at the country level. For example, in Armenia, a UNDP-European Investment Bank partnership, with funding from the Green Climate Fund, is helping to create a favourable market environment and a scalable business model for investments in energy efficiency retrofits, expected to lead to sizeable energy savings, greenhouse gas emissions reductions, and green job creation. The project will directly benefit over 200,000 people and catalyse private and public-sector investments of approximately $100 million. In Latin America, UNDP and the Development Bank of Latin America launched a regional project to be implemented in Argentina, Ecuador and Peru promoting national policies and programmes to address gender-based violence.

40. UNDP is also scaling up its engagement with the World Bank Group on sustainable development goals acceleration, leveraging climate finance and preventing and responding to crises. In Yemen, for example, UNDP received a $300 million World Bank International Development Association grant for a three-year project (2016-2018) to provide short-term employment and restore basic services.

41. UNDP is working on new action plans with the African Development Bank (ADB), the Asian Development Bank, and the International Fund for Agricultural Development. To facilitate operational collaboration at the country level, new financial agreements have been developed with ADB, IDB, the World Bank, the Caribbean Development Bank and the Inter-American Development Bank.

42. In 2017, contributions to UNDP from international financial institutions increased by 69 per cent to $284 million compared to 2016 contributions ($168 million). This total

includes direct grants from the World Bank and IDB, among others, and contributions from the KfW Development Bank (which are reflected in the contributions of Germany to UNDP); as well as indirect contributions to support loan implementation through government cost sharing.

43. Strengthening UNDP engagement with international financial institutions helps governments leverage funding from a wider range of sources for greater development impact. Part of this effort includes developing an institutional approach to accessing and applying Islamic finance to the sustainable development goals.

44. The present UNDP funding composition remains a concern, with other resources at 88 per cent of total funding and regular resources at 12 per cent. UNDP will accelerate engagement with its partners to increase the share of regular resources in order to leverage other resources, while expanding partnerships with the private sector and international financial institutions to help programme countries access development financing; maintain its market share of vertical and multilateral funding; support the United Nations development system; and adhere to the differentiated cost recovery rates approved by the Executive Board.

VI. The United Nations Capital Development Fund and the United Nations Volunteers programme

United Nations Capital Development Fund

45. In 2017, net contributions received by UNCDF reached $57 million, up from $52 million in 2016. The diversification of UNCDF donors remained high, however, with 38 development partners contributing in 2017 (compared to 35 in 2016). In addition, UNCDF received $2.7 million from the UNDP institutional budget and $0.7million from UNDP programme support to cover management and technical expenditures, respectively. These amounts were expended by UNCDF and reported by UNDP.

46. Contributions in 2017 included $11.2 million from private sector foundations, corporations and non-governmental organizations, representing 20 per cent of total revenue. The top overall donors to UNCDF were Sweden, the United Nations Multi-Partner Trust Fund, the Mastercard Foundation, Switzerland, the United States of America, the European Union, the Bill and Melinda Gates Foundation, Australia, Belgium and Luxembourg (in that order).

47. In 2017, contributions to UNCDF regular resources from donors increased to $9.7 million (2016: $9.4 million). The top regular resources donors to UNCDF were the governments of Sweden, Switzerland, Australia, Luxembourg, Norway, the United States of America, Austria, China, and Liechtenstein. The governments of Bhutan, Thailand, the Lao People's Democratic Republic and Viet Nam also supported UNCDF through regular resources contributions.

48. Regular resources remain the foundation for the UNCDF business model, providing the risk capital for innovation and leverage, the technical expertise to remain at the frontiers of last-mile finance innovation, and the robust country presence needed to be a strategic partner to governments and United Nations country teams and ensure a strategic, rather than fragmented, country-level engagement.

49. Despite increased donor diversification in recent years, UNCDF continues to be dependent on a limited number of donors for contributions to regular resources. Regular resources contributions remain short of the $25 million annual target required to extend UNCDF operations to 40 of the 47 least developed countries, as envisaged in the UNCDF Strategic Framework, 2018-2021. This consistent shortfall strains the ability of the Fund to innovate. Its country presence has dropped to 29 least developed countries

in 2017 against the 40 projected in the Strategic Framework, and that number is at risk of further reduction.

50. Other resources reached $47.4 million in 2017, an increase of 3 per cent from 2016. Other resources increased steadily over the past 10 years (from $13 million in 2006), and are expected to continue to grow in 2018.

51. With its capital mandate and instruments, UNCDF offers 'last-mile' finance models through financial inclusion and localized investments that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. Using grants, soft loans, targeted credit increases, and innovative business and public-private partnerships, UNCDF tests financial models to show how strategically placed official development assistance can drive domestic resource mobilization for local economic development and financial inclusion. UNCDF innovations, blended finance approaches and 'last-mile' finance models are relevant for the implementation of the 2030 Agenda, the Addis Ababa Action Agenda, and the Istanbul Programme of Action, as well as the Paris Agreement on climate change.

United Nations Volunteers programme

52. In 2017, the fourth and last year of the implementation of the UNV Strategic Framework, 2014-2017, the total financial volume amounted to $194.9 million, of which $179.8 million were programme resources – including funds from United Nations entities for the recruitment of volunteers – and 5 per cent of programme resources were financed from the Special Voluntary Fund.

53. Partner contributions continued to be critical to delivering the UNV mandate to promote peace and development through volunteerism and through the deployment of United Nations Volunteers. During the second regular session 2017 of the UNDP/UNFPA/UNOPS Executive Board, Member States welcomed the UNV proposal to flexibilize the Special Voluntary Fund, allowing UNV to better deliver results by financing all elements of the Strategic Framework, 2018-2021.

54. The Special Voluntary Fund is an open non-earmarked trust fund that relies on contributions from United Nations Member States and other partners and enables UNV to pilot and deploy volunteer solutions to the world's pressing development and peace challenges. Although modest, the fund is of critical importance, and its flexibilization has enabled the UNV programme to make more efficient use of its budget in line with United Nations reform and the quadrennial comprehensive policy review. UNV will continue cultivating United Nations partnerships that allow it to provide tailored, innovative and flexible volunteer solutions to United Nations partner operations and programmes on the ground and deepen the integration of volunteerism for peace and development, with the use of the Special Voluntary Fund and fully funded United Nations Volunteers. The fund gives volunteerism a role in some of the most innovative United Nations development and peace policies and programmes to improve people's lives, in line with the 2030 Agenda for Sustainable Development.

55. Despite is importance, contributions to the Special Voluntary Fund decreased by 5 per cent (from $3.9 million in 2016 to $3.7 million in 2017), reflecting the historical fluctuations of annual contributions to the fund. However, since 2007, fluctuations have indicated a challenging trend of progressively decreasing contributions. It is expected that the increased flexibility of the fund will allow new financing partners to support UNV in sustaining its operations and programmes.

56. UNV is strengthening its relationships with Member States that have contributed to the Special Voluntary Fund in past years, and seeks to gain the support of additional Member States and other partners.

57. At the same time, contributions (including multi-year contributions) received for fully funded United Nations Volunteers, including contributions for United Nations

Youth and University Volunteers, increased from $6.1 million in 2016 to $13.2 million in 2017. UNV continued to diversify its partnerships, developing and implementing new partnerships with Member States and partners from the global South, among others. Through these new programmes, UNV continues positioning itself as a key actor in fostering South-South and triangular cooperation.

58. UNV received funding for institutional activities through UNDP regular resources. In 2017, this amounted to $8.8 million, a 5 per cent increase from $8.4 million in 2016. UNV notes that it needs a stable and predictable level of UNDP regular resources to fulfil its mandate and provide high-quality volunteers and innovative, cost-effective solutions to UNDP and other United Nations entities. With the transformation process, UNV has streamlined programming on volunteer advisory services and has simplified business processes to enhance its efficiency and financial sustainability. UNV has further strengthened its capacity at the regional and country levels and further empowered staff through a devolution of decision-making. UNV has improved its responsiveness to partner needs through decentralized, more dedicated partner functions.

VII. Conclusion

59. UNDP is funded from a variety of sources – Member States, multilateral partners, non-governmental organizations, private philanthropic actors, and financial institutions – and continues to value all types of funding that allow the organization to deliver on its commitments. The ability of UNDP to perform at a high level is nevertheless heavily reliant on regular resources, not least because they form the pillar of its support to the world's poorest countries.

60. Regular resources provide for the most effective delivery of transformational results; support the most vulnerable; promote equity; enable a prompt response to crises; and help promote the coherence of the United Nations development system. Declining regular resources make it difficult for UNDP to implement its programmes effectively and achieve its strategic priorities.

61. UNDP has continued to respond to reductions in regular resources with institutional efficiency and economy measures. However, further reductions will jeopardize its ability to achieve planned strategic results and will pose serious organizational risks to its institutional capacity for quality assurance, monitoring, accountability and oversight.

62. The absence of multi-year commitments from some partners remains a concern for UNDP and affects its ability to plan ahead and sustain its multilateral and universal character. In addition, lack of predictability and late payment increase the vulnerability of the organization to exchange rate fluctuations, negatively affecting its liquidity position. The concentration of highly earmarked other resources hinders its ability to strategically prioritize responses to national development needs.

63. UNDP is committed to working with partners to increase the level of regular resources, the flexibility and predictability of funding, and the number of multi-year commitments, to enhance the visibility of contributions to regular resources and diversify its funding base.

64. UNDP has advanced partnerships with the private sector, financial institutions and individuals. It will continue to cultivate public-private partnerships, and leverage private financing into development, towards achieving the sustainable development goals.

65. UNDP will continue to engage with the Executive Board and seek the support of Member States through structured funding dialogues to ensure that the principles of predictability, universality and progressivity can be sustained to improve the flexibility and transparency of funding and to better align its resources with the outcomes of the Strategic Plan, 2018-2021.

66. UNDP will continue to support the United Nations development system and the reinvigorated resident coordinator system, provide an integrator function in support of country efforts to implement the 2030 Agenda, and offer programmatic and operational support to other United Nations organizations.

67. UNDP urges Member States to: (a) increase or provide their voluntary contributions in a manner consistent with their capacities; (b) contribute on a multi-year basis in a sustained and predictable manner; (c) shift their contributions from highly earmarked to less earmarked flexible resources; and (d) advocate among Member States to prioritize contributing to UNDP regular resources in a timely and predictable manner, to enable UNDP to deliver the intended results of the Strategic Plan and lead a coherent United Nations development system in implementing the 2030 Agenda for Sustainable Development.